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To: [Hubbard, Joseph](#)
Subject: RE: Houma shipyard to be Louisiana's latest Superfund site
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Okay-Joe-better than I thought, breathing a sigh of relief

From: Hubbard, Joseph
Sent: Monday, June 09, 2014 8:25 AM
To: Cook, Brenda; Villarreal, Chris; Gilmore, Cathy; Edlund, Carl
Cc: Gray, David; Taheri, Diane; McCorkhill, Michael; Durant, Jennah; Martindale, Cary; Thomas, LaWanda
Subject: Houma shipyard to be Louisiana's latest Superfund site

Houma shipyard to be Louisiana's latest Superfund site

<http://www.houmatoday.com/article/20140607/ARTICLES/140609650?p=all&tc=pgall>

The calamitous end to what was once the largest employer in Terrebonne Parish left a toxic brew seeping in south Houma for decades.

Now the Environmental Protection Agency has proposed adding the old Delta Shipyard to the Superfund list, which will begin a years-long process of cleaning the property of its carcinogenic leftovers.

Today, few signs of the shipyard's might remain at Dean Court, a sliver of land between the top of the Houma Navigation Canal and Bayou Lacarpe in industrial south Houma.

The only reminder is its name displayed beside shattered windows on a rusting, pale blue office building that stands amid weathered iron strewn about the ground.

A few hundred yards away, surrounded by trees and overgrowth are three, 3-acre ponds surrounded by earthen walls. The ponds are covered with a crusty black layer, which investigators said appears to be dried oil waste.

In the '70s and early '80s, the pits were used to store oily waste and oilfield drilling mud. They may contain some 30,000 cubic yards of hazardous material, but do not represent the extent of the contamination, said Brenda Cook, who evaluated the site for the EPA.

Concentrations of potentially dangerous contaminants, such as benzene, barium, arsenic, lead and chromium, were also detected in a ditch that runs alongside the pits. That ditch drains into the canal where investigators found contamination had spread into local wetlands.

SYMBOL OF BOOM, BUST

The shipyard was an arm of Delta Service Industries, which had outfits for fabrication, ship repair, drilling mud, construction and safety all operating near the Dean Court site now eyed by regulators.

The company was first assembled in the 1940s and changed hands three times before eventually going belly-up in the oil bust of the mid-1980s.

"By the time I got there (in 1973), they were bought out by the Chromalloy Corp.," said Kerry Chauvin. Chauvin would eventually lead Gulf Island Fabrication, currently the largest fabrication operation in Terrebonne Parish. He retired in 2012.

"It was big in this area. Ultimately the total group had gotten up to somewhere around 1,200 employees," Chauvin said.

The shipyard repaired oilfield barges, other boats and built a few vessels, Chauvin said.

e_SDLqYou probably had (between) 150 and 175 employees in the shipyard in those days," Chauvin said. "They worked on just about anything that was floating."

The pits were a component of the yard's gas-freeing process. Before any work was done on a vessel, a marine chemist had to certify it was free of explosive vapors. So the barges and boats went through a washing process. Any residual oil was separated and sold, and the remaining oily waste dumped into a series of open pits, Chauvin explained.

Aeration pits are one of the nastier legacies of the local oil patch. Ending the practice of open water discharges, oilfield drillers and other waste producers were required to discharge waste into earthen pits which often leaked or were insufficiently cleaned. By the time this practice was mostly stopped in the early '90s, thousands of pits pocked both the wetlands and some residential areas in Terrebonne and Lafourche.

"Delta dealt a lot with mud," Chauvin said. "They had Delta Mud and Chemical. They would take these chemicals, black magic and other oil-based type drilling fluid, and they'd pump it into these open pits. That black magic, it was some bad stuff."

With Chromalloy, a \$2 billion St. Louis mega-conglomerate in the '70s, the Delta companies were generating some \$200 million in sales as the oilfield boomed, according to newspaper reports published at the time.

It started to unravel when the companies were bought by Leon Toups, a New Orleanean who rose to the highest ranks of Chromalloy. Toups and a group of investors purchased the companies from Chromalloy in 1980.

"They paid \$65 million, all debt, no equity," Chauvin said. "In those days, they paid a high price because oil was supposed to go to \$80 a barrel. It ended up going to \$8 a barrel. With all that debt, they started to hit financial difficulties."

As oil prices crashed, drilling waned, Terrebonne's economy slowed and operations like Delta began to fold. In 1983, Louisiana lost some 23,000 oil and gas jobs.

Toups unsuccessfully tried to retain control of the companies through a restructuring of nearly \$50 million in debt, but his New York financiers accused him of shady management practices and rejected all plans that kept him at the helm.

On Oct. 26, 1984, the company declared bankruptcy and more than 1,000 remaining workers were laid off. State officials called it the third largest layoff in the state's history, according to newspaper reports.

"Oh God, people panicked," said Bobby Bergeron, who was president of one of Delta's companies. "My phone would literally ring until midnight, with people concerned about what they were going to do. That really crippled Houma."

The bankruptcy proceedings were controversial. Employees were left without health coverage for ongoing issues, the FBI was brought in to investigate missing employee retirement contributions. Lawsuits followed. Some were successful in recovering some of what they were owed in court, other former employees say they were never made whole.

Danny Picou, a Houma resident who worked for Delta Safety, said he lost a couple thousand dollars. "Some people were affected by the insurance and retirement," he said. "A lot of people had hospital bills, and stuff like that never got paid."

Several of today's local oilfield staples were born through the company's demise. Chauvin helped start Gulf Island Fabrication. Bergeron bought some of Delta's assets to create Surbo Tubular Services. Dolphin Services and LL&G Construction also formed from the ashes of Delta.

WHO MUST CLEAN

Delta's property and assets were sold on the steps of Houma's courthouse. Former state senator, oilfield boat builder and local land developer Lynn Dean bought the property containing the pits.

Today, it's the home of Elevated Boats Inc., where the legs of jackup-boats tower above

uniform stacks of well casings.

The pits are segregated from the rest of the operation and haven't caused any problems for the land's current tenant, according to company President Ken Seringe.

The area has been watched by environmental officials since before Delta's bankruptcy. In '83, the company was pinged by regulators for not handling its hazardous waste properly. In 1985, an engineering firm collected sludge samples from the property and reported to state regulators it posed no harm.

Cook said she doesn't believe that sampling covered all the pits, which were also tested in the mid-1990s.

Unless the area floods, it's unlikely the contamination could harm nearby humans. Cook said the site is being looked at because of its potential harm to fisheries and local wetlands. State officials asked the EPA to evaluate the site in 2010.

The Superfund is the federal program that investigates and cleans up the most complex, uncontrolled or abandoned hazardous waste sites in the country.

The proposal to add the site to the priority list for cleanup is now in a 60-day comment period. After that there will be a thorough assessment to map the extent of the contamination while EPA's enforcement team tries to identify a responsible party to pay for the cleanup.

"We typically go after those who are responsible for the pollution, but it may include past owners and operators and current owners and operators," Cook said.

Toups died in 2006, so its unclear who might be held responsible.

Regards,

Joe Hubbard

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